
**PROPOSED MERGER OF
(PARTS OF) PARRAMATTA CITY, AUBURN CITY,
THE HILLS SHIRE, HOLROYD AND HORNSBY
SHIRE COUNCILS**

**Comments by the NSW Local
Government Boundaries Commission
on the Report by the Delegate
of the Acting Chief Executive Officer
of the Office of the Local Government**



APRIL 2016



Local Government Boundaries Commission
GPO Box 5341
Sydney NSW 2001

The Hon Paul Toole MP
Minister for Local Government
Level 17 NE
52 Martin Place, SYDNEY NSW 2000

Dear Minister

**Proposed merger of parts of Parramatta City, Auburn City, The Hills Shire, Holroyd and
Hornsby Shire councils**

The Local Government Boundaries Commission provides its comments on the Delegate's Report into the above merger proposal under section 218F(6) of the *Local Government Act 1993*.

Yours sincerely

A handwritten signature in black ink that reads 'Bob Sendt'.

RJ Sendt
Chairperson
22 April 2016

1. Summary of Local Government Boundaries Commission comments

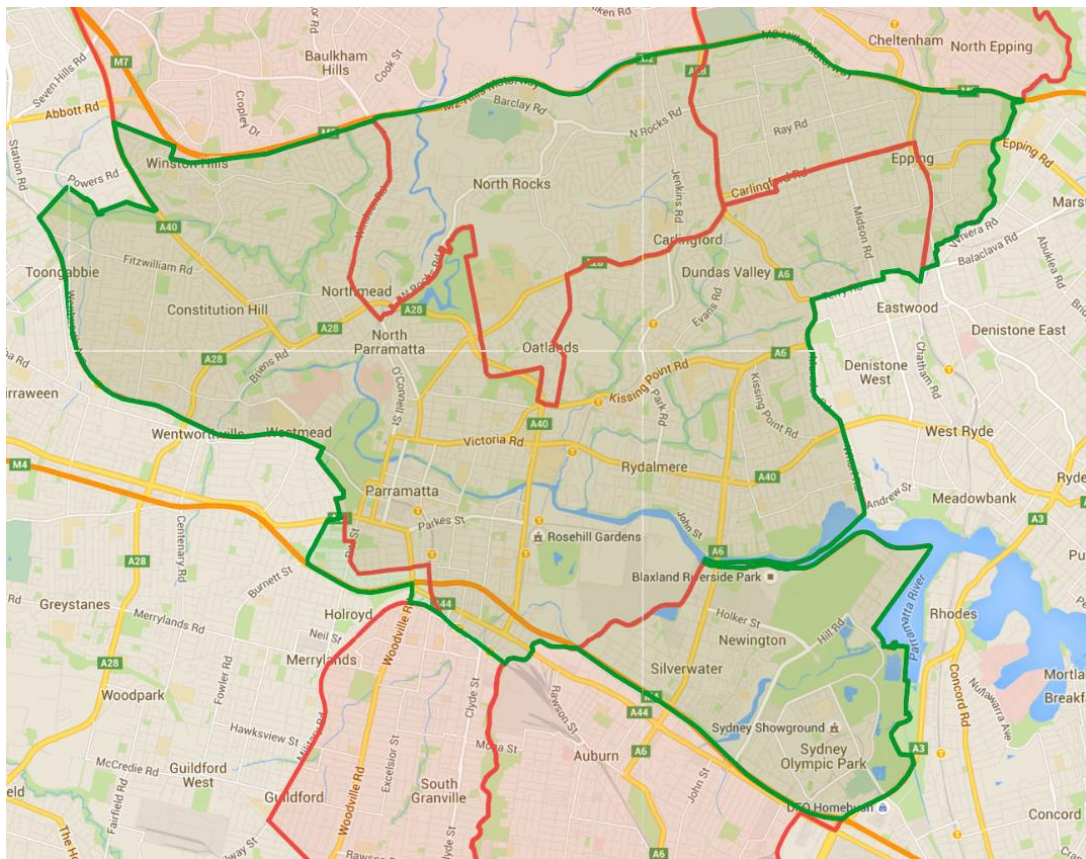
The Boundaries Commission has reviewed the Delegate's Report on the proposed merger of parts of Parramatta City Council, Auburn City Council, the Hills Shire Council, Hornsby Shire Council and Holroyd City Council to determine whether it shows the legislative process has been followed and the Delegate has taken into account all the factors required under the *Local Government Act 1993* (the Act).

The Commission has assessed that:

- the Delegate's Report shows that the Delegate has undertaken all the processes required by section 263 of the Act,
- the Delegate's Report shows that the Delegate has adequately considered all the factors required by section 263(3) of the Act, and
- the Delegate's recommendation in relation to the proposed merger is supported by the Delegate's assessment of the factors.

2. Summary of the merger proposal

On 6 January 2016, the Minister for Local Government referred a proposal to merge the local government areas of parts of Parramatta City Council, Auburn City Council, the Hills Shire Council, Hornsby Shire Council and Holroyd City Council to the Acting Chief Executive of the Office of Local Government for examination and report under the Act. The following map shows the proposed new council area (shaded in green).



The proposal would have the following impacts on population across the five councils.

Council	2014	2031
Parramatta City Council (part)	153,711	n.a.
Auburn City Council (part)	9,398	n.a.
The Hills Shire Council (part)	28,861	n.a.
Hornsby Shire Council (part)	19,532	n.a.
Holroyd City Council (part)	4,222	n.a.
Proposed new council area	215,725	292,000

Source: NSW Government Merger Proposal Berrigan Shire Council and Jerilderie Shire Council (part) January 2016; NSW Department of Premier and Cabinet

The Acting Chief Executive delegated the function of examining and reporting on each of the proposals to a number of people, known as ‘Delegates’. Delegates are required to examine and report upon each merger proposal rigorously and fairly. The examination process includes Delegates calling for submissions and holding a public inquiry on each proposed council merger. Delegates are to prepare a Report on the proposal and provide that Report to the Local Government Boundaries Commission.

3. Role of the Local Government Boundaries Commission

The Local Government Boundaries Commission is an independent statutory authority constituted under section 260 of the Act. The Boundaries Commission examines and reports on any matter referred to it by the Minister in relation to the boundaries of local government areas and the areas of operation of county councils.

The Boundaries Commission has several functions under the Act. In the current context (where the Minister has elected to refer the proposal to the Office of Local Government, rather than the Boundaries Commission, for examination), the most relevant Commission functions are set out in section 218F(6) of the Act. This section requires:

- the Chief Executive to furnish the Report on the examination of the merger proposal to the Boundaries Commission for review and comment, and
- the Boundaries Commission to review the Report and send its comments to the Minister.

The Commission’s role does not involve re-examining the advantages and disadvantages of the proposed mergers, accepting submissions or holding public inquiries.

4. Delegate's recommendations

The Delegate's recommendation is that *"the merger proposal... be approved."*

The Delegate also recommended that:

- *"if the proposed merger is approved, the new council should have 12 Councillors, including the Mayor, and be divided into three wards;*
- *a minor boundary adjustment relating to the Winston Hills Hotel, detailed in section 6.11 of the Report, be made; and,*
- *consideration be given to boundary adjustments relating to Winston Hills Mall and North Epping, detailed in section 6.11 of the Report, in a future boundary adjustment process."*

5. The Commission's detailed comments

5.1 Review of the process followed by the Delegate

Under the Act, the Delegate is required to undertake certain processes in examining a merger proposal. These processes include holding an inquiry, allowing members of the public to attend meetings as part of the inquiry and calling for submissions. As part of its review of the Delegate's Report, the Commission has looked at whether these processes were followed.

In total, the Delegate considered 724 written and verbal submissions from the public, community and other organisations and councils. The Delegate stated that included in the submissions were two petitions with a total of 293 signatures (a total overall of 1,107 responses).

The Delegate held two public inquiries on 2 February 2016 at the Northcott Building, North Parramatta.

The Commission's view is that the Delegate has met the relevant requirements.

5.2 Review of the Delegate's consideration of the factors specified in the Act

Under section 263(3) of the Act, the Delegate is required to have regard to a range of factors when considering a merger proposal.

Overall, the Commission's view is that the Report shows that the Delegate adequately considered all the factors.

The Commission has formed this view based on its review of the discussion presented in the Delegate's Report. The Commission specifically considered whether the extent of that discussion adequately canvassed the range of issues raised in the written submissions made to the Delegate, the views expressed at the public hearings and other information that would have been available to the Delegate.

The Commission makes the following comments relating to each factor:

5.2.1 Financial factors

Section 263(3)(a) of the Act requires the Delegate to have regard to:

“the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned”.

It is noted that the proposal, which relies on the results of KPMG modelling, describes a financial advantage of the proposal as a net financial saving of \$4 million over 20 years (including savings of \$4 million per year from 2020 onwards).

The Report noted that in considering the financial advantages or disadvantages of the proposal, the Delegate has considered financial forecasts provided in the proposal document, information provided by the Councils affected by the proposal, submissions received that addressed this factor, and publicly available information.

The Delegate stated that he examined the proposal in context with the concurrent proposals put forward by the Minister, and considered the forecast savings as valid. The Delegate recognised that the proposal is to merge parts of five existing councils rather than merger whole councils, and is unlikely to result in an immediate reduction in the number of councillors or senior staff in the proposed new council. The Delegate concluded that the savings are dependent on the approval of the surrounding merger proposals, are attached to each of the parts of existing councils included in the merger, and which increase the population that each councillor and staff member serves.

The Delegate also compared operating results for affected parts of each Council, using data provided by the Councils and contained in the proposal document.

The Delegate concluded that the proposed new entity would provide greater advantage than disadvantage to the residents and ratepayers of the affected areas.

The Commission’s view is that the Delegate adequately considered the issues under this factor.

The Commission notes that the Delegate’s analysis in relation to this factor is contingent on an assumption that merger proposals involving the surrounding areas will be implemented.

5.2.2 Communities of interest

Section 263(3)(b) of the Act requires the Delegate to have regard to:

“the community of interest and geographic cohesion in the existing areas and in any proposed new area”.

The Delegate noted that a large number of submissions (169) made to him during the consultation process raised the issue of community identity and local government areas. The Report summarises that these submissions discussed the perceived cultural, identity and values differences between residents in different areas of the proposed new council area.

The Delegate defined ‘communities of interest’ as formal, organised communities whose members have a common interest that is affected by the proposal. He considered 13 submissions raising

concerns in relation to this factor, including: future availability and amenity of sporting facilities, future management and maintenance of public land and infrastructure, and availability of public halls and other facilities.

The Delegate acknowledged the concerns raised in submissions and other examples where communities of interest face uncertainty arising from the proposal. He recommended that if the proposal is approved, the newly merged council shows good governance by quickly addressing the concerns of communities of interest in a fair and equitable way.

The Delegate also considered matters of geographic cohesion, noting the area covered by the proposal is 82 square kilometres. Compared to council areas State-wide, the Delegate considered that the area covered by the proposal is relatively small, and contained within reasonable travel distances.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.3 Historical and traditional values

Section 263(3)(c) of the Act requires the Delegate to have regard to:

“the existing historical and traditional values in the existing areas and the impact of change on them”.

The Delegate considered the historical and traditional values of the areas affected by the proposal and concluded that these do not preclude the approval of the proposal. He noted that a review of the histories of each area show connections to Parramatta from first settlement (and even before then) and the changing nature of names and identities of these areas over time. The Delegate stated that the proposal will connect these areas to a local government area that includes Parramatta as a central geographical point, and that this is not inconsistent with the histories of these areas that have always been influenced by the growth of Parramatta.

The Delegate included an overview of the history of each Council area in the Report.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.4 Attitudes of residents and ratepayers

Section 263(3)(d) of the Act requires the Delegate to have regard to:

“the attitude of the residents and ratepayers of the areas concerned”.

The Delegate considered 617 submissions addressing community attitudes. Of these, he noted that 422 came from suburbs within the current Hills Shire Council area. The Delegate summarised the most common concerns raised in submissions from these residents that:

- the proposed new council would prioritise development and funding of the Parramatta CBD;
- residents do not identify with Parramatta; and
- residents accessed services in the Hills area rather than in Parramatta.

The Delegate included a table summarising the themes and concerns in submissions that also addressed the community attitudes factor. Common concerns arising from submissions from the current Hills Shire Council suburbs include:

- a preference for being included in the current Hills Shire Council and Hawkesbury City Council;
- the future of current proposed redevelopment of North Rocks Park and Carlingford library;
- house prices may fall;
- impact on rates of the proposed merger; and
- a desire not to “be associated” with the current Auburn City Council and the level of crime, in particular violent crime, in Auburn and Parramatta.

The Delegate also noted that a number of submissions (125) were received from other areas affected by the proposal, with the most common being requests for boundary adjustments in Winston Hills and North Epping and concern over possible prioritisation of development of the Parramatta CBD over other suburbs.

The Delegate recognised that residents identify with their localities, including suburbs, and that communities are comprised of not only geographical areas, but also common values, interests and connections made through institutions such as schools, sporting associations and volunteer groups. He concluded that a primary function of Local Government is the provision of services and infrastructure and he considered that the proposal does not, in practical terms, diminish residents’ identity or sense of community as change in council boundaries does not restrict residents’ access to areas, social connections, services or institutions.

The Delegate also recognised concerns about rates and noted that the NSW Government has requested that the IPART undertake a review of the Local Government rating system in NSW. He stated that recommendations of this review should provide guidance for the NSW Government that includes protecting residents of merged councils from excessive rate increases.

The Commission’s view is that the Delegate adequately considered the issues under this factor.

5.2.5 Elected representation

Section 263(3)(e) of the Act requires the Delegate to have regard to:

“the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area”.

The Delegate recommended that the newly merged council should have 12 elected representatives including a Mayor chosen by the elected councillors. The Delegate stated that this would increase the number of residents represented by each councillor in each of the affected areas. This also reduced related cost. The Delegate’s view was that representation can be improved through enhanced consultation, community groups and devolving service delivery.

Of the 724 submissions received, the Delegate noted 45 raised concerns regarding representation by elected representatives. The Delegate considered these submissions as well as publicly available guidance relating to elected representation in local government such as the Independent Local Government Review Panel. The Report stated that councils can increase the quality of representation without increasing the number of councillors.

The Delegate also considered a small number of submissions requesting that the Mayor be elected by popular election. However, the Delegate stated that any advantages of this model are outweighed by the advantages of allowing councillors to select the Mayor.

The Delegate concluded by stating that he does not recommend a popularly elected Mayor for the proposed new council.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.6 Service delivery and facilities

Section 263(3)(e1) of the Act requires the Delegate to have regard to:

“the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities”.

The Delegate stated that he considered forecasts relating to service levels in the proposal document, submissions received during the consultation period and other publicly available information. The Delegate concluded, on balance, that the proposed new council will have the capability to provide better services and facilities for most residents and ratepayers in the affected areas.

The Report included a comparison of services across the affected council areas and concludes that each has similar service provision levels, and that the proposed new council is forecast to have a similar expenditure per capita as the current Hills Shire Council.

The Delegate also noted that many submissions expressed concern over the accessibility of existing council offices in Parramatta. The Delegate stated that although travel times are reasonable across the proposed new council area, the proposed new council could provide one-stop-shopfronts offering council services in outlying areas such as Epping.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.7 Employment impacts on staff

Section 263(3)(e2) of the Act requires the Delegate to have regard to:

“the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned”.

The Delegate noted that the Proposal, if approved, is likely to have an impact on employment of council staff, but within guidelines and protections contained in the Act, relevant awards and

enterprise agreements. He considered that impacts on employment for council staff are sufficiently moderated by provisions in the Act.

During the consultation period the Delegate received 27 submissions that raised concerns regarding the impact of the proposal on council staff and the possibility of redundancies. The Delegate considered the protection provided by the Act for staff in a merged council answers these concerns.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.8 Rural impacts

Section 263(3)(e3) of the Act requires the Delegate to have regard to:

"the impact of any relevant proposal on rural communities in the areas concerned".

The Delegate stated that the area covered by the proposal is entirely within the Sydney metropolitan area and concluded there are no impacts on rural communities arising from the proposal.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.9 Wards

Section 263(3)(e4) of the Act requires the Delegate to have regard to:

"in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards".

The Delegate recommended that the new entity have 12 councillors and three wards. He stated that three wards will improve representation of different communities across the proposed council area.

The Delegate considered issues raised in 13 submissions that expressed a preference for or against wards in the proposed new council. In addition, the Delegate considered guidance provided by the Australian Centre of Excellence for Local Government in relation to the advantages and disadvantages of ward systems.

The Delegate considered that, for the proposal put forward, a ward system of three wards represents the best outcome for the proposed new council, as it will improve the representation of different communities across the proposed council area. He stated that the boundaries of the wards should be determined by the new council.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.10 Opinions of diverse communities

Section 263(3)(e5) of the Act requires the Delegate to have regard to:

"in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented".

The Delegate noted that the area covered by the proposal includes culturally diverse communities, and that a small number of submissions raised concerns that a particular community may lose representation if the proposal is approved. An example he provided is the Maltese community in the Holroyd City Council area and how a proposed transfer of community assets such as the Pitt Row Headmaster's Cottage currently loaned to the community, may affect the community.

The Delegate acknowledged examples of diverse communities and the uncertainty for these communities arising from the proposal. If the proposal is approved, the Delegate recommended that the newly merged council shows good governance and leadership by recognising and respecting the opinions of diverse communities in a fair and equitable way.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.11 Other issues

Section 263(3)(f) of the Act requires the Delegate to have regard to:

"such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas".

The Report noted that some submissions highlighted potential boundary adjustments in the proposed new council area boundaries, with the Delegate making the following recommendations:

- the boundary that runs through the Winston Hills Hotel site be adjusted to bring the entire site within the proposed new council area, and
- in a future boundary adjustment process, consideration be given to bringing the entire Winston Hills Mall into the proposed new council area and to including North Epping in the proposed new council area.

The Commission's view is that the Delegate adequately considered the issues under this factor.

The Commission notes that suggested boundary adjustments are a matter for the Minister.